

**Support to US-Egypt Business Council  
Funded By U.S. Agency for International Development**

## **Transition Report**

**Institutional Development Specialist  
Under Contract to Chemonics International**

**GBTI Task Order 804  
Contract Number: PCE-I-00-98-00015-00**

**FINAL DRAFT**

**June 25, 2003**

## FORWARD

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## **ACRONYMS AND ABBREVIATIONS**

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FTA = Free Trade Agreement

GBTI = General Business and Trade Investment

IPR = Intellectual Property Rights

SEGIR = Support for Economic Growth & Institutional Reform

USAID = United States Agency for International Development

## EXECUTIVE SUMMARY

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### Background

The US-Egypt Business Council (formerly Presidents' Council) was created in April 1995 by Egyptian President Hosni Mubarak and then US Vice President Al Gore as one of the three principal elements of the US-Egypt Partnership for Economic Growth and Development. It now serves under the auspices of the US Department of Commerce and the Egyptian Ministry of Foreign Trade.

The Council is commissioned to inform and advise the Department of Commerce and the Ministry of Foreign Trade of private sector views, needs, and concerns regarding private sector business development in Egypt and measures to enhance bilateral commercial ties that could lay the basis for a free trade framework between the US and Egypt.

### Summary of Activities

The purpose of this consultancy is *to determine the US-Egypt Business Council's willingness to become a self-funding organization* that will continue to reach out to government officials on key issues affecting economic reform and the bilateral trade and investment relationship. Most of the Council's present funding comes from USAID. To assess the members' willingness to move the Council toward a member-funded organization, a survey was designed and the results were compiled to identify the member's opinions.

### Conclusion

According to the results of the survey, the transition to a self-funded organization is possible, but champions of such a proposal must sell the concept to the Council members. The Council will not naturally evolve into such a group. Paradoxically, a majority of the members claim an unwillingness to finance an independent group, yet that same majority express strong desires for the Council to have an effective public policy advocacy program. Because of USAID funding limitations and the vagaries of international politics, those two positions are mutually exclusive: a member-funded group would have few, if any, limitations on advocacy or lobbying activities.

According to the survey, some members believe the Council already has an effective advocacy program. However, any success in producing public policy changes in the US or Egypt more than likely cannot be credited to the specific efforts of the Council due to its current funding structure. If a strong case were made for the Council to transform itself into a member-funded, independent association focused on changing public policies in both countries, then there is a probable willingness to move the organization in that direction at a future date. At the present time, the major missing element of the Council's organizational philosophy is the lack of a common vision that is agreed upon, well known, and articulated by its members.

### Recommendations

It is recommended that the Council's present structure and programs be maintained until the next Council meeting, when a two hour planning session should be conducted to agree upon the group's underlying philosophy. A thorough discussion of the various options laid out in this report should be on the agenda for the meeting. The session should be conducted by a facilitator who can objectively help the Council members think through what direction they want the Council to head. This should be a preliminary step before developing a transition plan or any new programs or services of the Council.

## ASSIGNMENT

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The purpose of this consultancy is *to determine the US-Egypt Business Council members' willingness to become a self-funding organization* that will continue to reach out to government officials on key issues affecting economic reform and the bilateral trade and investment relationship. Should the Council members demonstrate their commitment to do so, *the consultant will develop a transition plan* to assist the Council in becoming a member-supported organization.

A detailed Scope of Work is in Appendix 3.

## BACKGROUND

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The US-Egypt Business Council (formerly Presidents' Council) was created in April 1995 by Egyptian President Hosni Mubarak and then US Vice President Al Gore as one of the three principal elements of the US-Egypt Partnership for Economic Growth and Development. It now serves under the auspices of the US Department of Commerce and the Egyptian Ministry of Foreign Trade.

According to the *Terms of Reference* (see Appendix 6) signed by the two governments, the Council's role is "...to promote private sector business development in Egypt and to enhance bilateral commercial ties." The Council has been supportive of Egypt's economic reform program and related activities and developments, which complement USAID Strategic Objective 16 that calls for strengthening the environment for trade and investment.

More specifically, the Council is charged with exchanging information and encouraging bilateral discussions that address the following areas:

- Factors that affect the growth of private sector business in both countries, including disincentives to trade and investment and regulatory obstacles to optimal job creation and investment growth; that will enhance bilateral relations.
- Initiatives that both Governments might take, such as enacting, amending, enforcing, or repealing appropriate laws and regulations, to promote joint private sector business growth in Egypt;
- Promotion of business opportunities in both Egypt and the United States, and identification of US and Egyptian firms that might work together;
- Attracting US businesses to opportunities in Egypt and serving as a catalyst for Egyptian private sector growth.

Several important issues have been and are being considered/addressed by the Council. Many of these issues are listed in the Council's FTA Road Map (see Appendix 8):

- Continue trade liberalization
- Support a US-Egypt Free Trade Agreement (FTA)
- Pursue/promote Egypt's economic reform program
- Implement a new process for commercial dispute settlement
- Pursue financial sector reform
- Speed up Egypt's privatization program
- Encourage additional private investment in Egypt
- Create a more transparent foreign exchange system
- Remove customs restrictions
- Move more rapidly toward customs reforms
- Strengthen Egypt's ability to deal with food safety/product standards
- Remove the negative image of American products and companies in Egypt

USAID funds a secretariat to provide technical, logistical and administrative support to the Council. The secretariat is administered by Chemonics International, a development consulting

firm based in Washington, DC. Chemonics has provided support to the US-Egypt Business Council since February 2000 under the SEGIR GBTI IQC.



## **SUMMARY OF TRANSITION SURVEY**

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To assess the willingness of the members of the US-Egypt Business Council to move toward a member-funded organization, a survey was designed and the results were compiled to identify the Council members' opinions concerning:

- (1) The worth of their investment in time and money in the Council;
- (2) The members' attitudes toward expanding the programs and services of the Council;
- (3) The willingness of the members to invest additional funds for a member-funded private association;
- (4) Additional services and programs that such an association might undertake; and
- (5) Other similar business associations to which the members belong.

## TRANSITION SURVEY RESULTS

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All but one US Council member responded to all or part of the questionnaire. The US Chairman of the Council, Steve Farris, was contacted and interviewed prior to the development of the survey. While his tabular results are not included in the survey, his opinions, suggestions, and ideas are reflected in the survey design and in the conclusions and recommendations.

Only three out of a total of 13 Egyptian Council members responded to the questionnaire, despite repeated follow up. The Egyptian members may have felt it unnecessary to reply to the questionnaire for two reasons:

- The Egyptian members believe that a significant portion of USAID funding to the Council goes to support US based activities (e.g. the web site) and salaries for secretariat staff based in the US.
- The Egyptian members already consider themselves to be member funded. The Egyptian Council members currently fund their activities in Egypt, including the salary of a coordinator/manager in Cairo, from membership fees. This money is held in a bank account and withdrawn as necessary.

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**Question 1.** *In your opinion, are you currently getting a return on the investment that you are making in time and money as a member of the US-Egypt Business Council?*

*If yes why?*

*If no, why not?*

	Yes	No	Undecided/No Answer
<b>US Members</b>	10	2	0
<b>Egyptian Members</b>	1	1	1

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**Question 2.** *If the US-Egypt Business Council were able to expand its programs and efforts to include: (a) more and better economic data and market information; (b) more business contacts and investment opportunities; (c) country specific problem solving capabilities for its members; (d) expanded networking to establish strategic alliances and more customers; and (e) effective public policy advocacy and lobbying to influence government decision makers, would you be in favor of converting the Council into a member-funded, independent business association with effective programs and staff?*

*If yes, would you and your company be willing to participate financially?*

*If no, why not?*

	Yes	No	Undecided/No Answer
<b>US Members</b>	4	7	1
<b>Egyptian Members</b>	1	2	0

**Question 3.** *Do you think the US-Egypt Business Council should have a strong public policy advocacy program on trade and investment issues, including the US-Egypt Free Trade Agreement, Egyptian and US trade policies, and other critical business-related issues affecting economic reform and the bilateral trade and investment relationship?*  
*If yes, why?*

	Yes	No	Undecided/No Answer
<b>US Members</b>	9	1	2
<b>Egyptian Members</b>	3	0	0

**Question 4.** *What other benefits or services should a member-funded US-Egypt Business Council provide that are important to you?*

<b>US Members</b>	<b>Egyptian Members</b>
Business Contacts US Office for Egyptian Businesses Small and Medium Size Business Inclusion Pragmatic Programs and Projects	Marketing and Legal Services

**Question 5.** *Are you a member of other Egyptian or Middle Eastern business associations? If yes, please give us the name of the group or groups.*

<b>US Members</b>	<b>Egyptian Members</b>
<ul style="list-style-type: none"> <li>▪ American Chamber of Commerce in Egypt</li> <li>▪ Various AmChams</li> <li>▪ Egypt Business Association</li> <li>▪ American Business Council in UAE</li> </ul>	<ul style="list-style-type: none"> <li>▪ American Chamber of Commerce in Egypt</li> <li>▪ Arab Business Forum for Communications and Information Technology</li> <li>▪ Club d'Affaires Franco Egyptien</li> <li>▪ Egyptian Canadian Business Council</li> <li>▪ IT &amp; Telecom Chamber</li> <li>▪ Saddat City Industrial Zone</li> </ul>

## GENERAL OBSERVATIONS AND THEMES

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According to the survey results, the majority of members believe the Council is a valuable and useful organization. These members highlighted a number of features that make their investment in the Council – in terms of time and money – worthwhile:

- Contacts made through other members of the Council, and among key US and Egyptian government officials and decision-makers.
- Access to government and business leaders.
- The Council's ability to highlight necessary reforms and address sensitive issues.
- The Council's ability to promote closer economic ties between the US and Egypt.

Of those members who did not believe the Council was a worthwhile use of their time and money, most cited the Council's concentration on the FTA and other long-term issues that would not have an effect on their business in the short term.

Nearly all of the respondents agreed that the Council should have a strong public policy advocacy program on trade and investment issues. This area of activity is seen as critical to business development as well as relations between the two countries.

Many members alluded to the fact that the Council serves under the auspices of the US and Egyptian governments. This, many said, gives the Council "political leverage", an "empowered" or "unique position as an advisory board" and forum for policymakers, and "the credibility, exposure" and "access to government officials to get things done."

In terms of funding, only a few members said they would be willing to fund a Council with expanded programs and activities. Most members said they would not support a member-funded independent (i.e. not government sponsored or funded) business council, for a number of reasons:

- It would duplicate the efforts of the American Chamber of Commerce in Egypt.
- It would not have the political leverage that the Council currently has as a government-sponsored group.
- Expanded programs might dilute the Council's effectiveness.
- An expanded membership would have less of an impact, particularly in Egypt.
- The current economic climate is not right – most businesses are cutting back on support for nonprofit groups.

## CONCLUSIONS

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### Basic Conclusion

A self-funded organization is possible, but the concept must be sold to the Council members. The Council will not naturally evolve into such a group. If a strong case is made for the US-Egypt Business Council to transform itself into a member-funded independent business association, there is a probable willingness to move the Council in that direction at a future date.

### Logic for Basic Conclusion

Most US and Egyptian members who were surveyed answered that they were opposed to making the US-Egyptian Business Council a member-funded organization, and most stated that they would not be willing to fund such an organization. Conversely, most of these same members very strongly supported the need for a strong public policy advocacy effort. Also, most believe they are receiving tangible and/or intangible value from the present Council's efforts.

### A Platform for Communication

The Council fills an important and unique role in terms of providing a voice for the private sectors in both the US and Egypt, and offering a platform from which key policy decision makers at the highest levels of both governments engage in a dialogue with business leaders. Such a communication forum is a very useful amenity. The Council members refer to this activity *as public policy advocacy*.

Additionally productive would be specific actions and/or activities or programs undertaken by the Council to change and/or introduce policies that would make the economic and trade and investment relationship between Egypt and the US much more profitable for all concerned. These types of actions, activities and programs can effectively be taken *only* through an independent, self-funded organization.

These actions include *lobbying* particular decision-makers, in other words asking or soliciting them to cast their vote and or use their influence on others to cast votes for a change or addition to a specific law. The Council's present funding structure limits the possibilities for actually being directly involved in changing public policy. To use a sports analogy, the Council currently serves the role of a cheerleader (*public policy advocate*), not the role of a football player (*lobbyist*). The current funding structure limits the Council to cheering on those who will actually score the goals.

### USAID Funding and Its Limitations

As mentioned earlier in this report, USAID funds a secretariat to provide technical, logistical and administrative support to the Council. This support is provided by a part-time staff of three, and includes:

- (1) General administrative activities such as managing communications between members, coordinating conference calls, and organizing logistics related to meetings, trips to Egypt or other Council events;
- (2) Outreach, which involves updating the Council's web site, and partnering with relevant organizations and associations to further the Council's objectives; and
- (3) Technical and analytical support, such as reports highlighting priority issues and key trends in the areas of trade and investment and information technology; these are referred to as the

"dashboards". At the request of the Council, the secretariat also provides research, reports and/or analyses of specific issues.

Secretariat staff salaries are paid for by USAID, through Chemonics International. USAID also provides funding for expenses related to communications, relevant publications, web site maintenance, and meetings (e.g. travel costs for secretariat staff, meeting room rental fees, transportation, relevant food and beverage).

USAID is prohibited from funding lobbying activities, and the secretariat does not engage in lobbying in either the US or Egypt. As a result, the major underlying goals of the Council cannot be achieved under the present funding agreements. Specific and effective actions can only be taken through an independent self-funded organization

### **Alternatives**

There are two realistic alternatives for a more direct approach to achieving the Council's goals other than transitioning to a member-supported business association:

- First, individual members can have their own company lobbyists in Washington and Cairo continue efforts to persuade government officials to enact needed policy changes; or
- Second, individual members can rely on other more politically aggressive organizations to achieve the Council's goals.

These two alternatives are influenced by numerous external factors that govern the activities of individual company advocates or swing the directions of other organizations, possibly away from the goals of the Council. There is a very fine line between *educating the public and government officials* on such issues as an FTA and *lobbying* a congressman, senator or minister on a specific law or policy that will result in such an agreement. Consequently, because of this paradoxical viewpoint, there is a gap between what the Council members say about financing a business association that will advocate changes in public policy and their individual desires to see those public policies actually changed.

### **Another Option**

The Council's leadership and USAID can maintain the organization, as it is currently constituted. A forum for allowing Egyptian and US business executives to bring critical issues to the attention of the top levels of the governments of both nations is a useful mechanism.

However, the limitations on results-oriented action need to be completely understood by the Council members and all relevant stakeholders. Again, using the sports analogy, all involved should be aware of the Council's cheerleading role and should not be under a mistaken illusion that it can actually score goals in the political arena, especially in Washington. Using as an example the FTA, the Council does not have the staff or member capabilities to work with the congressional specialists in the halls of the House or Senate to closely follow the needed legislation. Nor does the Council have the inclination to assist in gathering votes throughout the legislative process, to make certain the proposed law does not get side tracked, and to insure that the President will actually sign the proposal. Those kinds of diligent *lobbying* efforts are usually needed to pass major legislation.

### **A Missing Element**

A missing element of the Council's present organizational philosophy is the lack of a common vision that is agreed upon, well known, and articulated by its members. Until an effort is made to

develop a written vision statement, the Council will continue to contemplate the question, “What is the purpose of the Council’s existence?” At the present time there is not a consensus answer to that question or to the follow-on question, “What do we believe the Council should be doing in the next three to five years?” While the Egyptian staff has developed a “white paper” entitled *Mission Statement*, it does not concisely or accurately reflect the entire Council’s attitudes and opinions of what specific direction the organization is heading in the future. After a vision is agreed to by a majority of the Council’s members, the next step is writing a precise mission statement, which outlines how the Council will create its vision.

### **Champions Needed**

The members will probably rally around the establishment of an organization with a common vision and a clear mission. They will then adopt pragmatic programs and valuable services that will produce results, if and only if, articulate *champions* step forward to argue the case for a self-funded independent business association. If the case for such an organization were made, a very different organizational structure would be both feasible and profitable.

### **Positive and Negative Aspects**

Moving to a more action-oriented advocacy group would have both positive and negative effects on the Council. From a positive perspective, the Council could help to persuade both governments to change specific policies and start producing the results the Council says it wants. Such a Council can help make Egypt more competitive in the global economy and in particular more competitive in the US market. It could also improve the present negative image of US businesses and products among segments of the Egyptian market.

From a negative perspective, moving to an independent self-funded organization would probably change the Council’s underlying appeal to top CEO level participation, especially on the US side. In the normal organizational evolution of business associations, once membership is broadened and diluted with middle management or a myriad of general business members, the major corporation CEO participation historically drops drastically. American CEOs would probably begin to assign Council activities to middle or lower level executives, instead of participating themselves. This is especially true when a program calling for day-to-day concentration on advocacy is implemented as part of the Council’s agenda. Top American corporate executives tend to participate in "crisis management" or "single-issue challenges" as opposed to long-term, carefully planned and executed advocacy campaigns.

In addition, at this time in the world economy, there is little enthusiasm for forming “another group” for businesses to support financially. Also, an independent Council that seeks to aggressively achieve public policy goals would probably compete with the American Chamber of Commerce in Egypt, to which many, if not all, of the Egyptian Council members belong, and other business-related organizations. To accomplish such a transition would also be a relatively expensive proposition.

## **RECOMMENDATIONS**

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### **A Strategic Planning Session**

It is recommended that the Council's present structure, programs, and excellent web site be maintained into the immediate future. At the next Council meeting, a two-hour planning session should be conducted focused upon a thorough discussion of the various options laid out in this report. The session should be conducted by a facilitator who can objectively help the members think through what direction they want the Council to head—(1) maintain the present organization with its limitations; or (2) form an independent self-funded association with a central focus on changing public policy. This should be a preliminary step prior to developing any transitional plan or any additional programs or services.

### **A Statement of Intention from USAID**

It would be useful for USAID to share its preferences and plans for the Council. For effective decision making, the current members need to know if USAID intends to cut back funding to the Council and, if so, when this is most likely to happen.

### **Not Time for a Transition Plan**

A continued consultancy as outlined in the SOW for this assignment that states, "The Institutional Development Specialist will develop a plan to transition the Council to a member supported organization" is premature. The Council members have not yet expressed a willingness to move to a member-supported organization, but they have expressed a strong desire to continue efforts to change public policies. No useful transition plan can be developed until the Council members know and agree upon the direction in which they believe the organization should head.



## APPENDIX ONE: US Members of the US-Egypt Business Council

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Last Update: April 17, 2003

## APPENDIX TWO: Egyptian Members of the US-Egypt Business Council

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Last Update: January 7, 2003

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## **APPENDIX THREE: Scope of Work**

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**1. Position:** Institutional Development Specialist, Level I

**2. Level of Effort and Duration:** 7 days

**3. Start and Finish Dates:**

**4. General Responsibilities:** The Institutional Development Specialist will determine the US-Egypt Business Council's willingness to become a self-funding organization that will continue to reach out to Egyptian government officials on key issues affecting economic reform and the bilateral trade and investment relationship. Should the Council demonstrate its commitment to do so, the Institutional Development Specialist will develop a plan to transition the Council to a member supported organization. This specialist will work in close consultation with both the US and Egyptian members.

This scope of work covers only 7 days of level of effort which will be used to allow the consultant time to survey the US and Egyptian Council members and determine their commitment to becoming a self-funding organization. Additional time may be added to develop a transition plan should the Council prove willing to become a self-funding organization.

**4. Tasks:**

The tasks under this scope of work are limited. It is expected that the Institutional Development Specialist will:

- Familiarize himself with the history, mission and operations of the Council
- Conduct a survey of US and Egyptian members of the Council to ascertain willingness and commitment to becoming a self-funding organization, and to identify the major issues related to such a transition.

**5. Deliverables:**

- A summary report outlining the consultant's findings of the survey
- A draft scope of work for developing a transition plan

**6. Location:** US

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## **APPENDIX FOUR: Transition Survey Questionnaire and Tabulation of US Member Responses**

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### **1. In your opinion, are you currently getting a return on your investment that you are making in time and money as a member of the US-Egypt Business Council?**

#### **If yes why?**

Yes. The contacts made through the Egypt members and ministers are very positive.

Yes. Since I joined the Council in September of 2002, I have found much of its work to be very valuable in promoting closer U.S.-Egypt economic ties. The information sharing, the exchange of ideas among policy makers, and the work on promoting the U.S.-Egypt Free Trade Agreement have been particularly useful. We take a long-term view on our return on investment with respect to the council. While it is too early to tell, I am hopeful that my involvement in the Council will position our firm to take advantage of future business opportunities.

Yes. As to return on investment, I believe you are familiar with our experience. It is a great case study and would help both Egypt as well as other investors to get a better return.

Yes. I believe that we are getting a return on our investment in time and money as a member of the U.S.-Egypt Business Council.

Yes. The Council is empowered and is the only forum for members to discuss issues impacting business and trade between the two countries. The Council is fully recognized by the governments and the business community for the two nations.

Yes. I feel that I am able to provide a valuable perspective as a small business owner, a woman owned and controlled business and someone who has broad international experience. I feel all three of these perspectives are important and valuable to the process.

Yes. We are. We feel the US-Egypt Business Council is very effective in identifying the key drivers necessary for the Egyptian government to implement the appropriate economic policies to increase foreign investment in Egypt. The Council enables officials in both Egypt and the US to focus on the key issues rather than diluting efforts by undertaking too many less important issues.

Yes. Egypt is my favorite country.

Yes. The work that the Council does in executing some of the most sensitive areas of trade relations is a crucial element on the very basis and economic survival of our business in Egypt. Yes. The Council helps highlight needed Egyptian reforms.

Yes. The Council helps highlight needed Egyptian reforms.

#### **If no, why not?**

No. I do not think the investment is worth the time. The Egyptians in general are unwilling to face reality and are constantly attempting to get others to fix their problems with no real effort or commitment on their part. Everything is one way (GIVE ME).

No. Originally we got involved because it was the Presidents' Council. At that time the focus was much broader than the US Egypt Free Trade Agreement. Once the Council began to concentrate on the FTA, it became a lot less important to my company. We have felt it is now one-dimensional. As a defense contractor, we are not interested in destroying jobs in the USA. For example, if the textile industries in Louisiana were hurt by Egyptian imports, it would hurt our shipbuilding business in that state.

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### **2. If the US-Egypt Business Council were able to expand its programs and efforts to include: (a) more and better economic data and market information; (b) more business contacts and investment opportunities; (c) country specific problem solving capabilities for its members; (d) expanded networking to establish strategic alliances and more customers; and (e) effective public policy advocacy and lobbying to influence**

**government decision makers, would you be in favor of converting the Council into a member-funded, independent business association with effective programs and staff?**

**If yes, would you and your company be willing to participate financially?**

Yes. We would favor converting the Council into an independent business association, particularly one associated with USAID. Egyptians very favorably view the USAID organization as it provides significant financial support for Egypt. Therefore, the Council would benefit from a closer association with USAID.

Probably. (See my separate note on this using US India and US China groups as effective organizations).

Yes.

Yes. As for converting the Council into a member-funded association; I believe this certainly makes sense, but in my view, the timing of this move is best after FTA has been accomplished.

**If no, why not?**

No. The approach of creating a self-funding business council would not work in Egypt. The key to success is to retain the key Egyptian business leaders, as is the case today. By expanding the forum, I am certain we would lose the key participants from the Egyptian side, who are critical to the success of the Council.

No. At present, [we are] probably not in favor of converting the Council into a member-funded, independent business association. We believe that a member-funded, independent business association would not have the political leverage that a Government-sponsored group does.

No. We would not be prepared to provide financial support. I personally believe that if the Business Council was made entirely private as opposed to being perceived by the Egyptians as somehow related to the government, it would be of little value, since the Egypt Government would ignore it.

No. We don't have the budget for another organization.

No. The financial and time demands are already high considering the size of the small business. This is a vastly different situation than many of the other members of the current US-Egypt Business Council. If there was some method to have sponsorship for the small businesses I would be interested in remaining involved, but there is no way that we would be able to participate in a member funded program. With a member-funded-only orientation of membership the resulting effect will in itself be self-selecting. Although major corporations often will have more discretionary funds than smaller firms, it is not necessarily representative of the US business environment or market.

No. I believe a private funded Business council would be a waste of time and money.

It would be a mistake for USAID to quit funding the Council. At a time when every business is cutting back on support for nonprofit groups, this is not the time to start a new one. We should keep the Council as it is now.

**Undecided.**

Maybe. It depends. We would be much more interested if the Council's focus on FTA were broadened to include other initiatives. The existing Council must have a broader agenda than just commercial relationships. There must be more elements to the organization if it is to become a true business association.

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**3. Do you think the US-Egypt Business Council should have a strong public policy advocacy program on trade and investment issues, including the US-Egypt Free Trade Agreement, Egyptian and US trade policies, and other critical business-related issues affecting economic reform and the bilateral trade and investment relationship?**

**If yes, why?**

Yes. Public policy advocacy is part of business development.

Yes. We think that the US-Egypt Business Council should have a strong public policy advocacy program on trade and investment issues, etc. We think that these issues are important not only to American and U.S. Business, but also critical to relations between the two countries.

Yes. Such a strong advocacy program would be viewed favorably by Egyptians thus improving the overall image of the US-Egypt Business Council.

Yes. The reasons are that the areas of public policy under discussion are a critical element of our business model in Egypt.

Yes. I have no problems with the Business Council taking public positions. The current council has been completely co-opted by the Egypt members to advocate their interests, with no effort made to address real problems American businesses have in Egypt. My understanding of the Council was it was to promote trade and investment both ways. It has become a single-issue organization to assist the Egyptians to get an Egyptian only Free Trade Agreement. The Egyptian government and the local business community have no interest in playing by the international rules of business. Since they have been successful at screwing the US businesses for so long, they see no reason to change.

Yes. This is the agenda that the Council has chosen as a group from both sides of the Council. I do not understand what is trying to be accomplished by asking this question at this time. Is there an audience (council membership, government entity, or other source) that did not agree to this approach? If so, why have we not heard from them previously and why are they using this method rather than the extensive process that occurred earlier, such as setting boundaries early in the process rather than after the fact?

Yes. Some associations are stronger than others are. The strong ones help provide access to government and business leaders in various countries. We are interested in participating if there is a broad charter like an Egypt Industry Association where members come together to jointly influence important trade issues as they arise.

Yes. We need to have more interactive participation by the Egyptian members.

**If no, why?**

No. What works from the Egyptian side is having a high impacting group of members - today's case. The best route to the key decision-makers at the Egyptian side is keeping the Council small and distinguished.

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**4. What other benefits or services should a member-funded US-Egypt Business Council provide that are important to you?**

1. Business contacts
2. US Office for Egyptian businesses
3. Include small and medium size businesses
4. Focus on favorable business climate in Egypt for US businesses
5. Pragmatic projects and programs

**Comments**

Provide focused issue *contacts* both in country and USA. • Egyptian business badly needs a *group in the U.S.* to promote its interests. The U.S. Egypt Business Council (with the help of USAID) should consider opening a small office in the U.S. with the sole purpose of promoting Egyptian business.

Include *various sizes of businesses*, not just the large multi-national businesses. A member-funded program will limit this as a result of how it is defined.

Let us first focus on creating a *favorable investment climate* in Egypt for US companies before we take any new initiatives..

As for areas of focus for the Council, my recommendation is to concentrate on *pragmatic projects and programs*.

Opportunities to *share positive and challenging business issues* in Egypt with other businesses.

Bringing Egyptian business people in to the US for planned functions will help gain access to decision-makers.

Basic networking should be an important function of any business association.

Committees for lobbying, such as a Licensing Committee or a Public Policy Advocacy Committee would be useful.

There are a lot of organizations in the marketplace today and if one is to be created, it must find its niche to provide value.

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**5. Are you a member of other Egyptian or Middle Eastern business associations?**

**If yes, please give us the name of the group or groups:**

Yes. Egypt Business Association. I assume our local Cairo office has other associations as well as our regional office in Dubai.

Yes. I belong to the Egyptian-US Chamber of Commerce, which in essence is a private funded business council. It does a reasonably good job at running educational programs, but as a force for any meaningful reforms in this country, it is completely ineffective.

Yes. American Business Council in UAE.

Yes. We are members of various AmChams.

Yes. We are members of many groups. Asian Business Council is very active and a good model for the US Egypt Business Association.

## **APPENDIX FIVE: Transition Survey Questionnaire and Tabulation of Egyptian Member Responses**

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**1. In your opinion, are you currently getting a return on the investment you are making in time and money as a member of the Egypt-US Business Council?**

**If yes why?**

Yes, though I feel more could have been and should be achieved.

**If no, why not?**

No. The mandate and objectives of the Council is very much long term and will not reflect directly on the short term on my business.

**Undecided.**

Yes and No. Yes, because I think that several issues have been addressed seriously on both sides. One of the main objectives (FTA) has been recently mentioned by President Bush. Although the council cannot claim that this is due to the efforts of the US business council, I truly believe that the efforts of the council were taken into account.

No, because I think that there is much more that could be accomplished through the council especially in specific projects that could be put on a fast track because they make common business sense. The projects I see are mainly in the IT services and IT enabled services (such as outsourcing of Call Centers).

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**2. If the Egypt-US Business Council were able to expand its programs and efforts to include (a) more and better economic data and market information, (b) more business contacts and investment opportunities, (c) country specific problem solving capabilities for its members, (d) expanded networking to establish strategic alliances and more customers, and (e) effective public policy advocacy and lobbying to influence government decision makers, would you be in favor of converting the Council into a member-funded, independent business association with effective programs and staff?**

**If yes, would you and your company be willing to participate financially?**

Yes. I would be willing to participate financially.

**If no, why not?**

No. This would make the Council a duplicate of the Am Cham

No. There is already an organization (the AmCham) which is doing that very successfully.

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**3. Do you think the Egypt-US Business Council should have a strong public policy advocacy program on trade and investment issues including the Egypt-US Free Trade Agreement, Egyptian and US trade policies, and other critical business-related issues affecting economic reform and the bilateral trade and investment relationship?**

**If yes, why?**

Yes, since the Council is well poised and enjoys the requisite access to decision making circles to be audible.

Yes. It should very much do so. There are many barriers for trade and investment between the two countries. The council is a good representation for private sector businesses and should be able to raise, discuss and agree on real issues needed to be changed for a better environment.

Yes. The council has the credibility, exposure, access to government officials to get things done.



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**4. What other benefits or services should a member-funded Egypt-US Business Council provide that are important to you?**

Please list:

I don't see the need for a member-funded council.

Marketing and legal services.

I do not think that a member funded Egypt-US Business Council is needed

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**5. Are you a member of other Egyptian or Middle Eastern business associations?**

American Chamber of Commerce in Egypt (3)

Saddat City Industrial Zone (Board Member)

IT & Telecom Chamber

Egyptian Canadian Business Council

Club d'affaires Franco Egyptien

Arab Business Forum for Communications and Information Technology

## **APPENDIX SIX: US-Egypt Business Council Terms of Reference**

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I. The United States Department of Commerce and the Egyptian Ministry of Economy and Foreign Trade (the "Parties") have formed the United States - Egypt Presidents' Council\* (the "Council") as a bilateral business council to facilitate private sector business growth in Egypt and to strengthen trade and investment ties between the Parties. These Terms of Reference are intended to provide a general framework to guide the Council's work program.

II. It is intended that the private sector members of the Council be comprised of two sections (the "Sections"), a United States section and an Egyptian section. Each Party should appoint the members to its respective section. Each section should be composed of approximately 15 members to represent the views and interests of the private sector business community. Each section should appoint its own chairperson. Each section should be limited to the approximate 15 members at each meeting; substitutes or alternates should not be designated for official Council meetings. It is intended that members will serve three-year terms, but may be reappointed.

III. The Sections should provide advice and counsel to the Parties that reflect private sector views, needs, and concerns regarding private sector business development in both countries and enhanced bilateral commercial ties that could lay the basis for a free trade framework between the United States and Egypt. The Council intends to exchange information and encourage bilateral discussions that address the following areas:

A. Factors that affect the growth of private sector business in both countries, including disincentives to trade and investment and regulatory obstacles to optimal job creation and investment growth; that will enhance bilateral relations.

B. Initiatives that both Governments might take, such as enacting, amending, enforcing, or repealing appropriate laws and regulations, to promote joint private sector business growth in Egypt;

C. Promotion of business opportunities in both Egypt and the United States, and identification of U.S. and Egyptian firms that might work together;

D. Attracting U.S. businesses to opportunities in Egypt and serving as a catalyst for Egyptian private sector growth.

IV. It is intended that the government co-chairs of the Council will be, on the United States side, the U.S. Secretary of Commerce and, on the Egyptian side, the Egyptian Minister of Economy and Foreign Trade, or their respective delegate. Each government co-chair should be responsible for ensuring that the views of each section are fully conveyed within the Council.

V. The Parties may select and appoint as members to their respective sections heads of private sector companies or, in the case of very large private sector companies, heads of sizeable operating units. Members may include heads of non-profit entities such as trade and industry associations who possess unique technical expertise, outstanding reputations, and the ability to provide counsel with respect to Egyptian Government programs or private sector activities.

VI. The companies represented by individual section members should comprise a cross-section of the private sectors of each country, and include small, medium and large firms and, if possible, companies from different geographic regions of each country. Section members also should represent a diversity of

industrial sectors, including *inter alia* agribusiness and food processing, tourism, banking and insurance, energy, pharmaceuticals, services (such as accounting, management, and engineering/construction), information technology, electronics and other high technology industries, and manufacturing industries.

VII. The Council should conduct its activities on the basis of mutual agreement and may, as necessary, adopt procedures and work programs. The Council should meet at times and places determined by the Parties. Prior to each meeting, and in consultation with the Parties, the Sections should prepare a report for the Council to be shared with the Presidents of the United States and of Egypt that will summarize recent Council activities. If requested, the Council may prepare additional reports. The Sections and any Working Groups that may be established by the Council or the Sections would be expected to meet more frequently to focus on particular areas of interest or concern. Any report agreed upon during the work of the Council should be in the English language.

VIII. Section members are to serve without compensation for their participation in Council activities. Travel and related expenses associated with members' participation in Council meetings will be borne by the members. Activities of the Council are subject to the availability of appropriated funds and to the laws and regulations of the Parties.

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\* Note: The US Department of Commerce and Egyptian Ministry of Foreign Trade changed the name of the Presidents' Council to the United States-Egypt Business Council in August 2002.

## **APPENDIX SEVEN: List of Telephone Interviews**

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